



# **Internal Audit Report**

Maricopa County Criminal Justice  
Facilities Development Department

June 2002



## **Audit Team Members**

**George Miller, Audit Manager**

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# Internal Audit Department

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June 13, 2002

Don Stapley, Chairman, Board of Supervisors  
Fulton Brock, Supervisor, District I  
Andrew Kunasek, Supervisor, District III  
Max W. Wilson, Supervisor, District IV  
Mary Rose Wilcox, Supervisor, District V

We have completed our FY 2001-02 review of the Criminal Justices Facilities Development Department (CJFDD). The audit was performed in accordance with the annual audit plan that was approved by the Board of Supervisors. KPMG LLP assisted our office during this review.

The highlights of this report include the following:

- CJFDD utilizes Jail Construction Fund revenues only for the purposes authorized by Proposition 400, in full compliance with the Maricopa County Procurement Code and contract provisions.
- CJFDD makes necessary construction contract change orders in accordance with the requirements established by the Procurement Code and the Board of Supervisors.

Attached is the report summary along with our detailed findings. We have reviewed this information with the Chief Public Works Officer and CJFDD management. We appreciate their excellent cooperation. If you have any questions, or wish to discuss items presented in this report, please contact George Miller at 506-1586.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate  
County Auditor

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# Executive Summary

## **Jail Tax Expenditures**

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The Criminal Justice Facilities Development Department (CJFDD) utilizes Jail Construction Fund revenues only for the purposes authorized by Proposition 400. We examined 52 contract payments (\$72 million total) and 43 change orders (\$2.2 million total) and found no exceptions to the requirements of Proposition 400, the Maricopa County Procurement Code, or contract provisions.

# Introduction

## Background

Maricopa County voters approved Propositions 400 and 401 in November 1998. These propositions authorized a \$0.002 excise tax to be used by the County to design, construct, and operate new jail facilities. The Jail Tax, which began January 1, 1999, remains in effect for nine years or until \$900 million is collected. Besides being used to build new adult and juvenile detention facilities, the Jail Tax funds programs aimed at reducing the County's overall jail population.

The construction portion of the project is \$513 million. These funds will be used to construct a 1,360 bed downtown pre-trial jail, 1,808 adult detention beds, a central food factory, laundry, and a central plant at the County's Durango campus. The capital improvement budget will also fund juvenile detention facility improvements (Durango and Mesa) with 13 new courtrooms, judicial suites, administrative offices, and 388 juvenile beds. The map below shows the new facility sites.



## **Use of Jail Tax Monies**

Maricopa County voters approved the temporary sales tax with the provision that funds be used solely for justice facilities and related costs. Proposition 400 details the nature of expenditures for which the jail tax can be used. Section 3 requires tax proceeds to be accumulated into a capital projects fund. The monies and property "... shall be used for the purpose of purchasing land, and purchasing and constructing buildings or improvements, for County Jails."

Proposition 401 authorizes the County to spend the sales tax revenue to maintain and operate the new jail facilities.

## **Scope and Methodology**

The two objectives of this audit were to determine if:

- CJFDD and its contracted project managers adequately review construction project billings for compliance with Maricopa County Procurement Code requirements and contract provisions, before authorizing payments.
- Construction contract change orders were made and approved in compliance with the requirements established by the Maricopa County Procurement Code and Board of Supervisors.

This audit was performed in accordance with Government Auditing Standards.

# Department Reported Accomplishments

CJFDD has provided the Internal Audit Department with the following list of its recent departmental accomplishments, to be included in this report.

- Minimal Staff and Management Costs: Keeping CJFDD and Hunt Jacobs staff to a minimum has allowed the entire program to be managed at a cost of 6% of the program. This is a factor of three times less than most government (including Maricopa County) overhead costs of similar scope.
- Windowless Cells and Rear Chases: This has never been done in Maricopa County. It allowed the designers to reduce the downtown jail facilities from two blocks to one block. It also provides easier maintenance and operations.
- Metal panels in Downtown Jail: This allowed the reduction of an entire floor, keeping the downtown jail below the high rise level and saving millions of dollars in high rise building code requirements.
- Pre-cast Cells at Lower Buckeye Jail: This has never been done in Maricopa County. The cells were pre-cast and finished with plumbing and wiring in another state and transported complete to LBJ for installation. All 864 cells have been installed without incident.
- Video Visitation: This has never been done in Maricopa County and is relatively new in the nation. It provides increased security and limits the need for inmate movement. The pilot program began as scheduled this year.
- Building for Future Double Bunking: This has allowed the County to provide for future needs at minimal current cost. It has been calculated that this concept has saved hundreds of millions of dollars in construction of future facilities.
- Food Factory: The food factory is one-of-a-kind in the United States. It will not only provide over 30,000 meals per day, but will allow for the potential of zero cost meals. It has also reduced the cost of the other facilities by not having to include kitchen construction and operations.
- Contract Payments: CJFDD is making timely payments of approximately \$15 million per month.
- Time Schedule and Budget: All projects are on schedule and within budget.



# Issue Jail Tax Expenditures

## Summary

The Criminal Justice Facilities Development Department (CJFDD) utilizes Jail Construction Fund revenues only for the purposes authorized by Proposition 400. We examined 52 contract payments (\$72 million total) and 43 change orders (\$2.2 million total) and found no exceptions to the requirements of Proposition 400, the Maricopa County Procurement Code, or contract provisions.

## Expenditure Requirements

Proposition 400 authorizes the County to collect a jail tax and to accumulate the revenues into a capital projects fund. This fund must be used only for purchasing land and buildings, as well as, constructing buildings and improvements for County jails.

Maricopa County Procurement Code Article 5-515 requires that construction contract payments be made in accordance with rates and schedules identified in the contract. The Procurement Code and CJFDD contracts contain other specific payment requirements, which include:

- Contractor payment applications must be processed within seven calendar days of receipt of a certified and approved payment request, which are to be submitted on a monthly basis.
- Contractors' Application and Certificate for Amount must be reviewed and approved by the County's construction program manager, the project architect, and CJFDD's Project Manager.
- Contractors must submit a cost-loaded schedule with their Application and Certificate for Amount.

Article 5 of the Procurement Code also establishes authority and sets dollar limitations for construction contract change orders.

## Expenditure Testing

During our July 2001 audit of CJFDD, we found that the department had established multi-level controls to ensure that jail tax construction funds are utilized only for appropriate purposes. Our testing of contract expenditures found no exceptions to applicable requirements. CJFDD continues to follow these same procedures when processing contractor payment requests.

To determine if CJFDD's controls are still effective, we tested a large sample of FY 2001-02 construction contract expenditures. Fifty-two payments totaling \$72 million (81% of all dollars expended) were examined.

We found that each payment was made in full compliance with all contract terms and conditions, as well as, established procedures. No exceptions were identified.

**Contract Change  
Orders**

We also reviewed all 43 construction contract changes orders (\$2.2 million) made by CJFDD during the first three-quarters of FY 2001-02. We found no control weaknesses or exceptions to the requirements set by the Maricopa County Procurement Code or Board of Supervisors.

**Recommendation**

None, for information only.